



2Q20 Earnings Release

July 22, 2020





This release contains forward-looking statements subject to risks and uncertainties. Such forward-looking statements are based on the management's beliefs and assumptions on information currently available to the Company. The reservations as to forward-looking statements also apply to information on possible or presumed operating results, as well as any statements preceded, followed or including words such as "believes", "may", "will", "expects", "intends", "plans", "estimates" or similar expressions. Forward-looking statements are not performance guarantees. They involve risks, uncertainties and assumptions because they refer to future events and, therefore, depend on circumstances which may or may not occur. Future results may differ materially from those expressed or suggested by forward-looking statements. Many of the factors which will determine these results and figures are beyond Romi's control or prediction capacity.

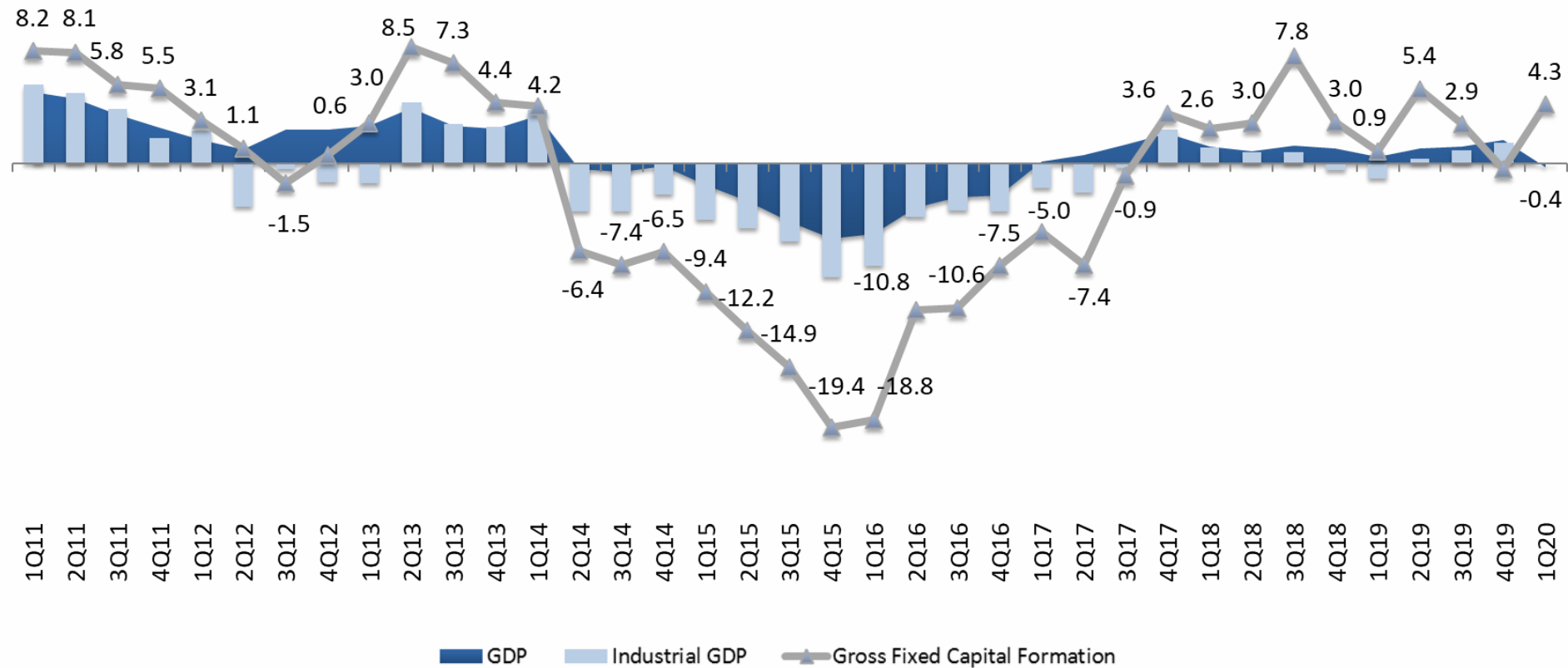


- **All business units** recovered margins and **EBITDA Margin** reaches **9.8%** in 2Q20
- The **net operating revenue increased by 16.8%** in 2Q20 over the same period in 2019, reflecting positively on the **EBITDA** margin, which in the same period **increased by 5.8 p.p.**;
- The **net operating revenue** of the **Rough and Machined Cast Iron Parts Unit** grew by **39.1%** in 2Q20 over 2Q19, due to the start of deliveries of large parts. The **operating margin** posted a **growth of 14.2 p.p.**, reflecting the higher production volume, evolution in operational efficiency and higher revenue; and the incoming orders remain growing and solid;
- At the **Romi Machines Unit**, the **net operating revenue decreased slightly by 4.4%** in 2Q20 compared to 2Q19 due to projects that were postponed to 3Q20 as a result of the pandemic situation but that, with the significant reduction in operating expenses, resulted in an expansion of the **operating margin**, which in the same comparison **period grew by 3.0 p.p.**;



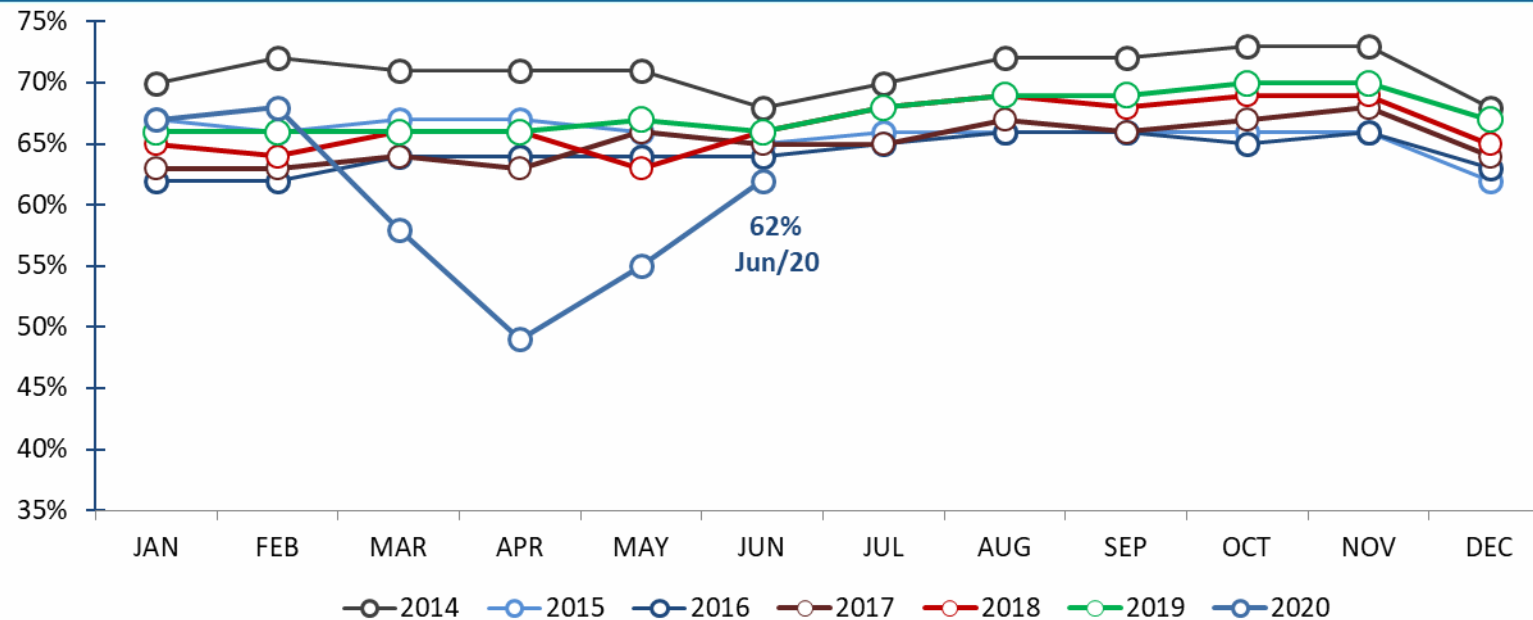
- Even in a global pandemic environment and with the main fairs in the sector not happening, **incoming orders at the Romi Machines Unit** posted a **slight reduction of 5.8%** in 2Q20 when compared to 2Q19. The Company has been looking for new business alternatives, such as the new machine rental business;
- The **B+W Machines Unit** posted a **growth of 33.7% in net operating revenue in 2Q20**. The higher volume of revenue, combined with projects focused on increasing profitability, reflected on the **growth of the operating margin**, which **increased by 6.3 p.p.** in the same comparison period;
- The **order backlog grew by 9.4%** at the end of the second quarter of 2020 as compared to June 2019, with highlights to the Romi Machines and Rough and Machined Cast Iron Parts Business Units;

Conjunctural Indicators – GDP and FBKF

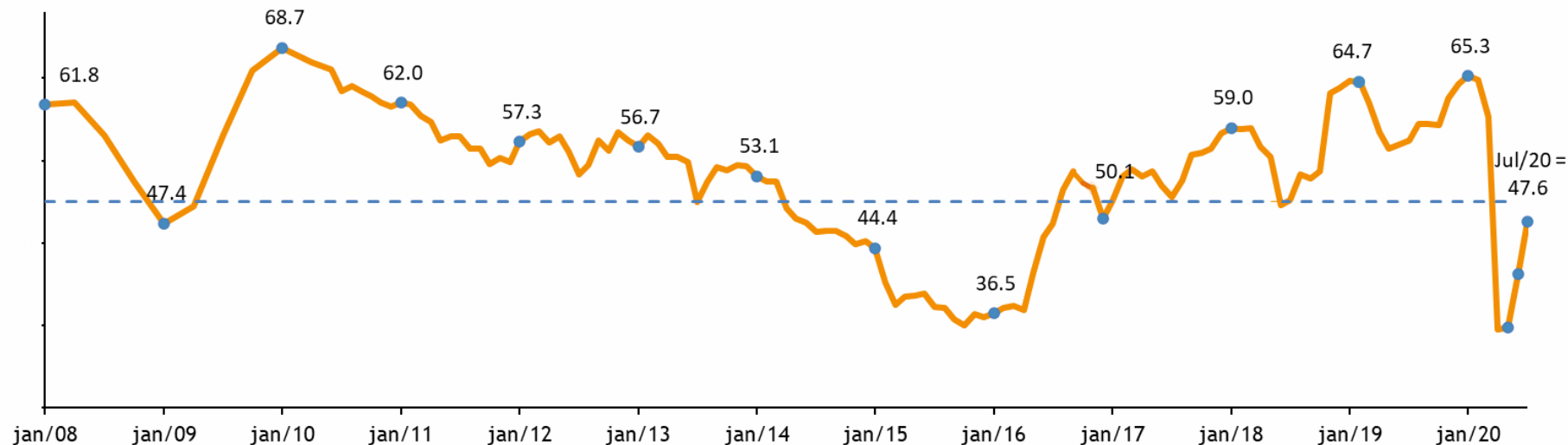


Source: IBGE (current quarter vs. the same quarter last year)

Economic Indexes - Conjunctural



Source: CNI – UCI (Utilization of installed Capacity), June 2020



Source: CNI – ICEI (Industrial Executive Confidence Index), July 2020



Romi Machines



	1H20	2019
Job shops	19%	22%
Machines and Equipments	14%	19%
Automotive	14%	14%
Agricultural	9%	2%
Toolling	7%	7%
Packing	9%	5%
Others	28%	31%

B+W Machines



	1H20	2019
Machines and Equipments	37%	52%
Automotive	17%	24%
Motors and Systems	46%	20%
Aerospace	0%	4%

Rough and Machined Cast Iron Parts

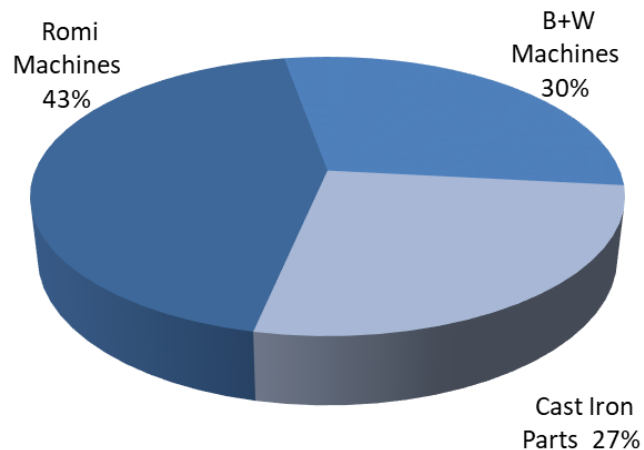


	1H20	2019
Wind Power	57%	23%
Automotive	21%	32%
Construction	10%	20%
Agriculture	12%	23%

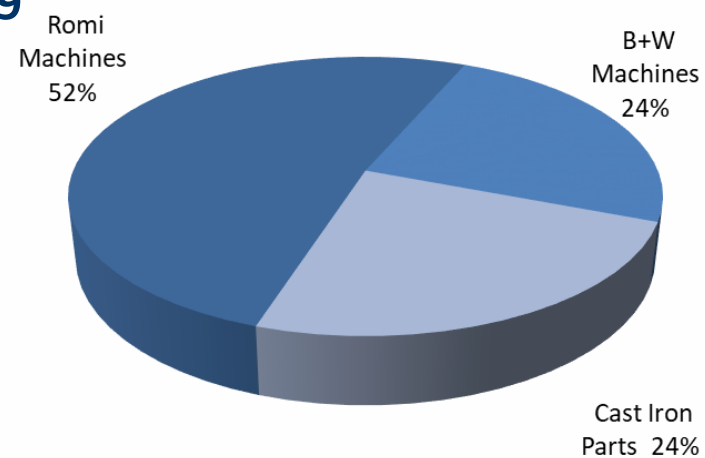
Net Sales per Business Unit



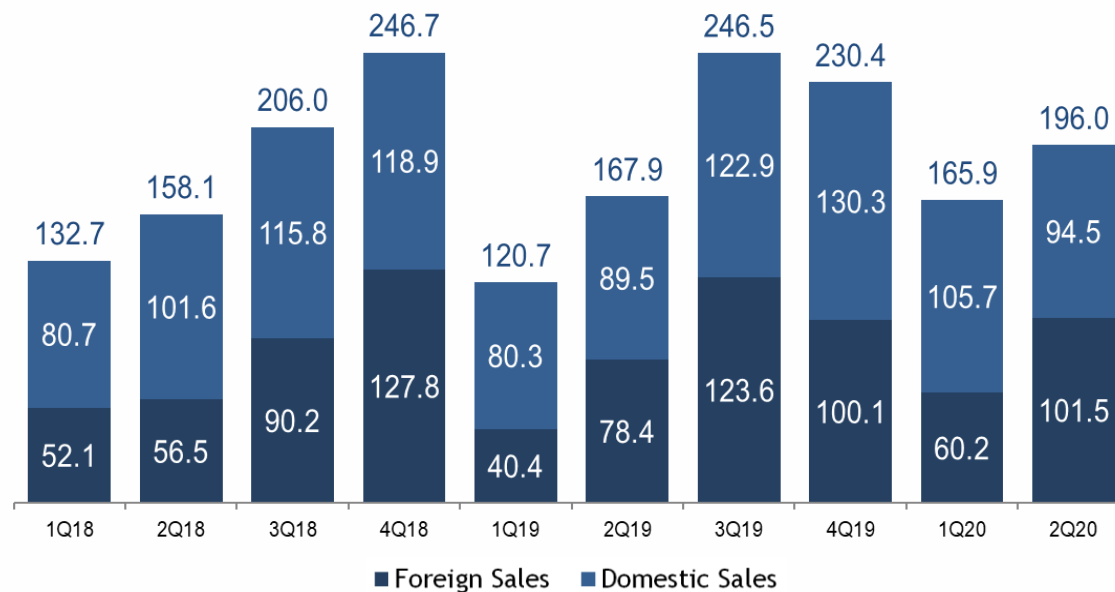
1H20



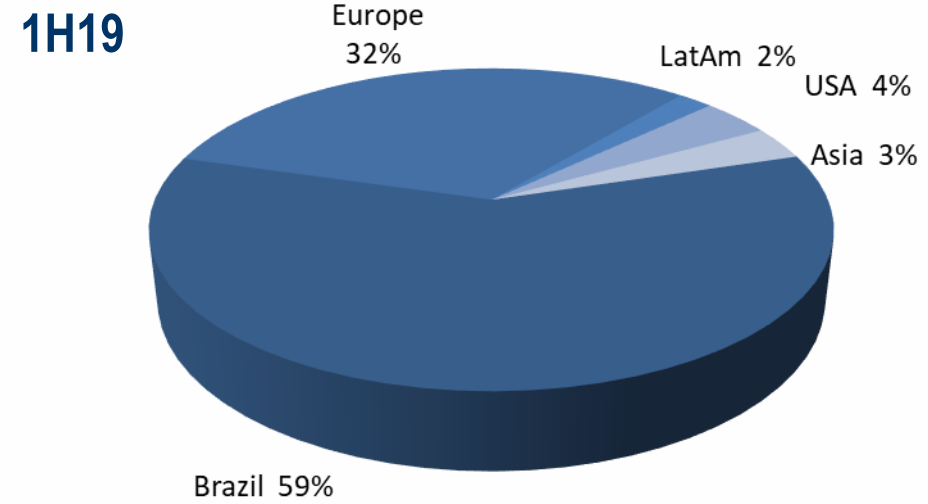
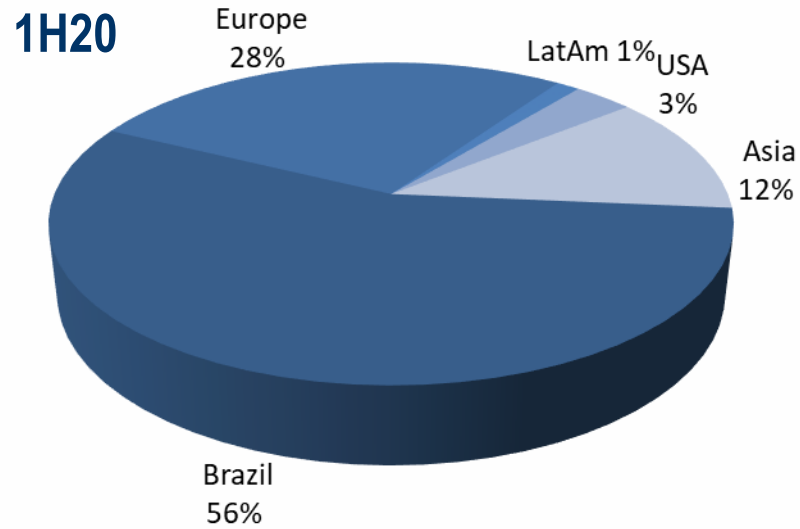
1H19



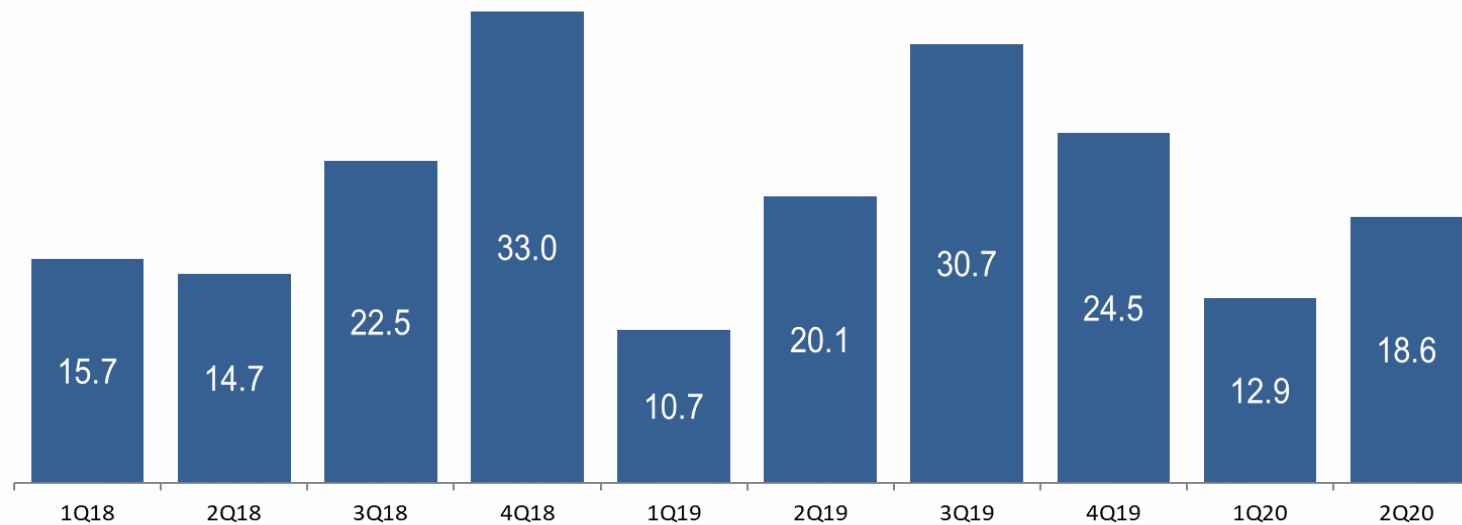
Net Operating Sales (R\$ million)



Sales Distribution



Foreign Sales (US\$ million)



Order Entry Backlog



Order Entry (R\$ 000)								
Gross Values, sales taxes included	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19	1H19	1H20	Chg. 20/19
Romi Machines	116,053	87,624	109,324	24.8%	-5.8%	188,009	196,948	4.8%
Burkhardt+Weber Machines	41,396	20,182	-	-100.0%	-100.0%	73,595	20,182	-72.6%
Rough and Machined Cast Iron Parts	66,560	79,616	73,095	-8.2%	9.8%	103,638	152,711	47.4%
Total *	224,008	187,423	182,418	-2.7%	-18.6%	365,241	369,841	1.3%

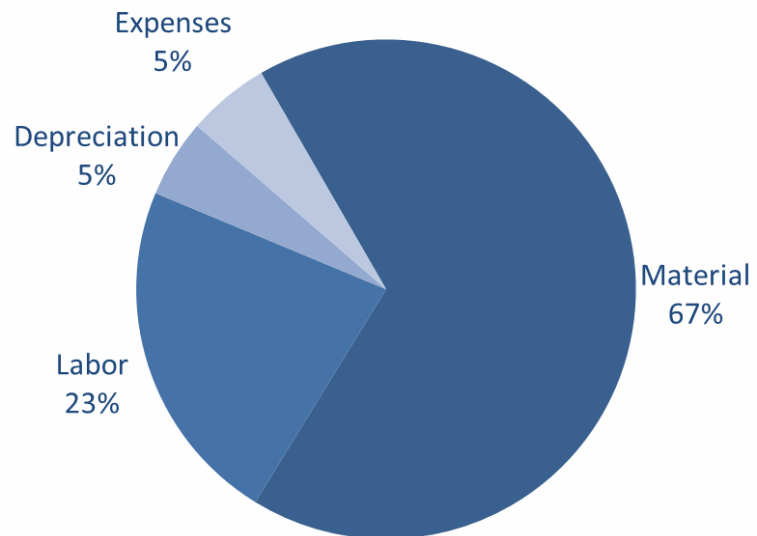
Order Backlog (R\$ 000)					
Gross Values, sales taxes included	2Q19	1Q20	2Q20	Chg. 2Q20/1Q20	Chg. 2Q20/2Q19
Romi Machines	119,291	111,063	151,191	36.1%	26.7%
Burkhardt+Weber Machines	183,251	164,039	118,574	-27.7%	-35.3%
Rough and Machined Cast Iron Parts	62,930	106,829	130,080	21.8%	106.7%
Total *	365,472	381,931	399,845	4.7%	9.4%

(*) Order backlog and order entry values do not include spare parts and services

Cost of Goods Sold

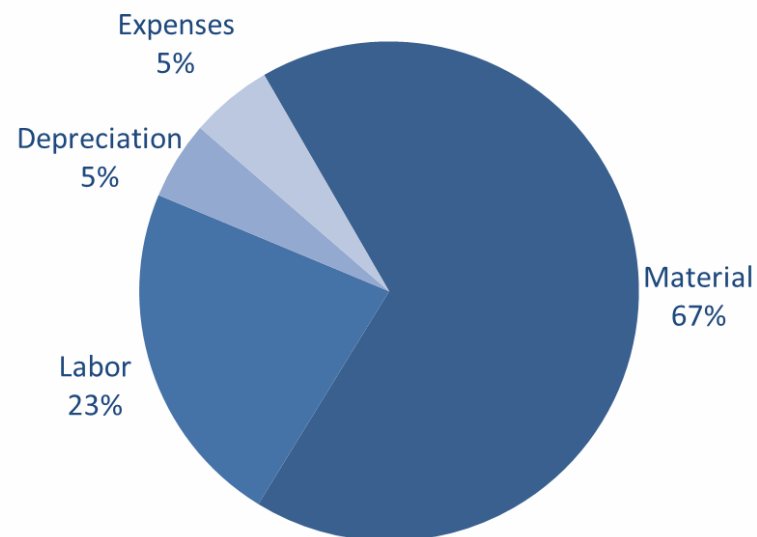


1H20



20%	Domestic material
14%	FX Related Domestic Material
15%	Metals
18%	Imported Material

1H19

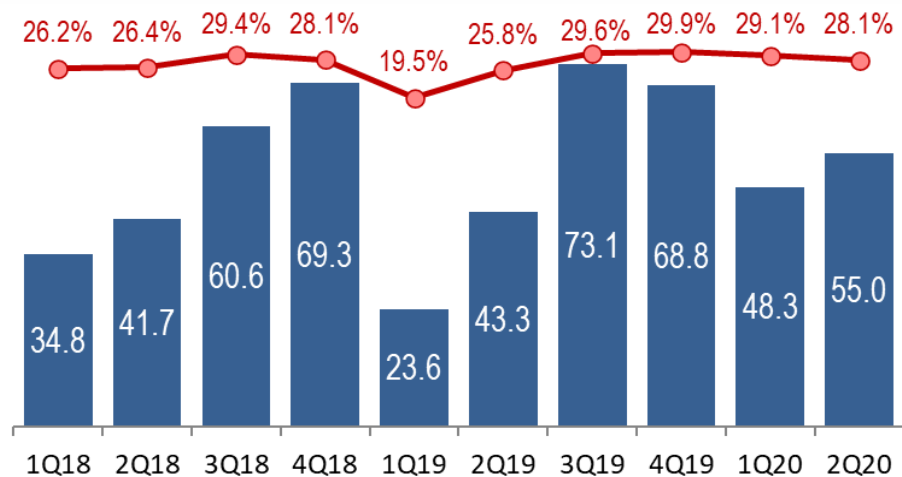


21%	Domestic material
16%	FX Related Domestic Material
13%	Metals
17%	Imported Material

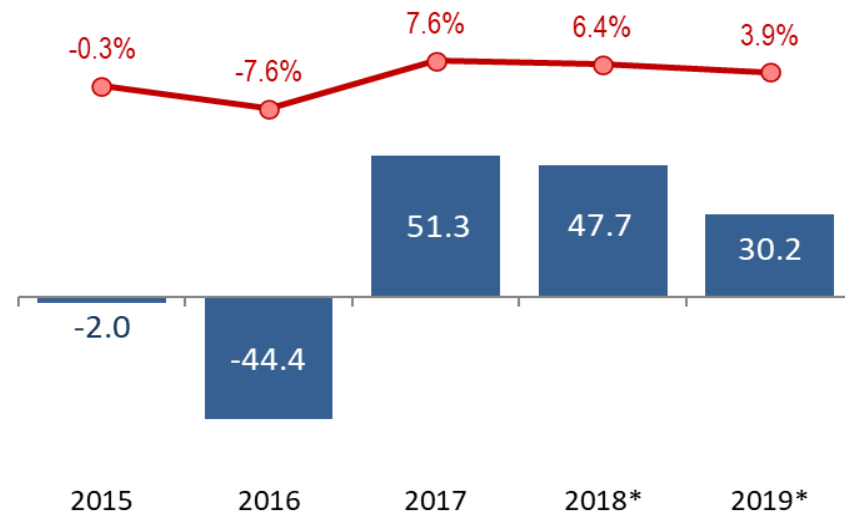
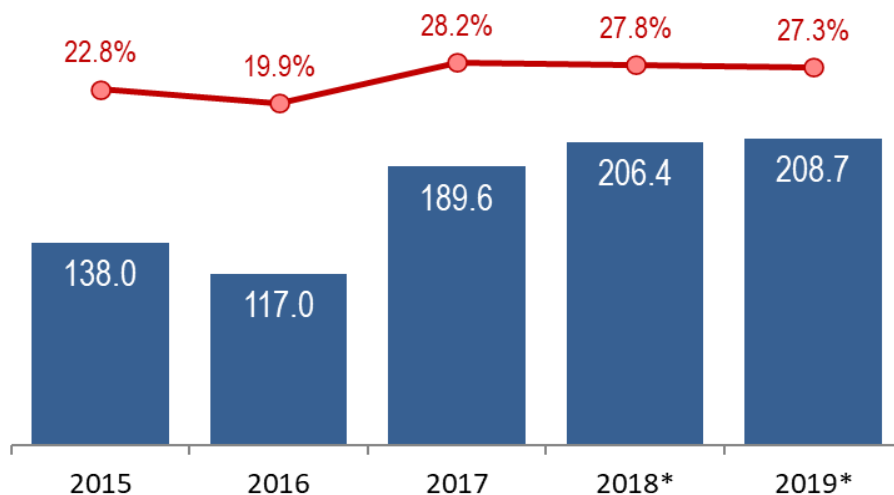
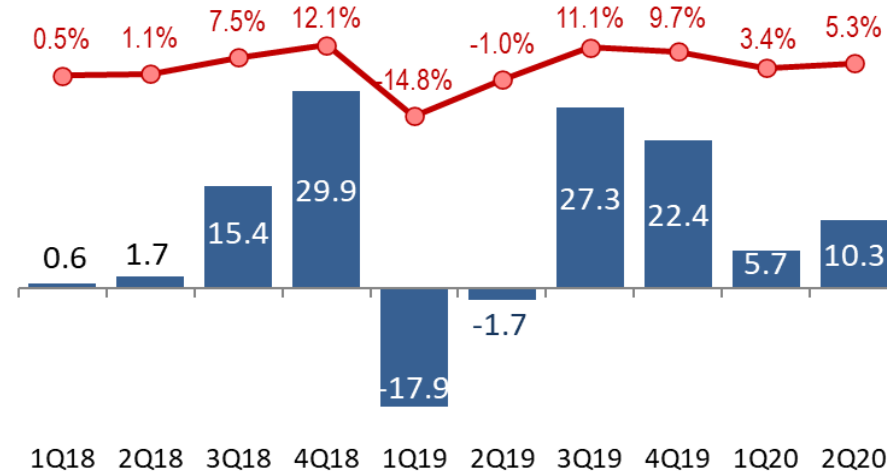
Profitability



Gross Profit (R\$ million) and Gross Margin



Operating Profit (loss) (R\$ million) and Operating Margin

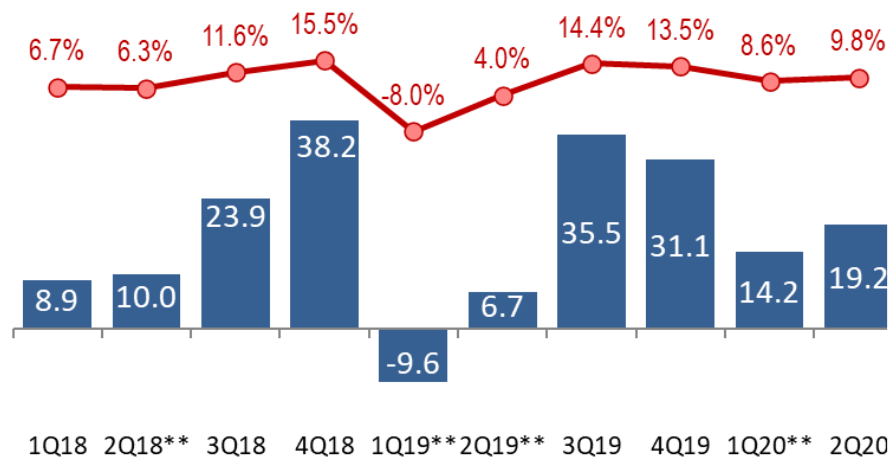


(*) According to the information in the 1Q20 Earnings Release, operating income is adjusted as follows: (i) 2Q18/2018: increased by R\$1.6 million; (ii) 1Q19/2019: reduced by R\$74.3 million; and (iii) 1Q20: increased by R\$1.0 million.

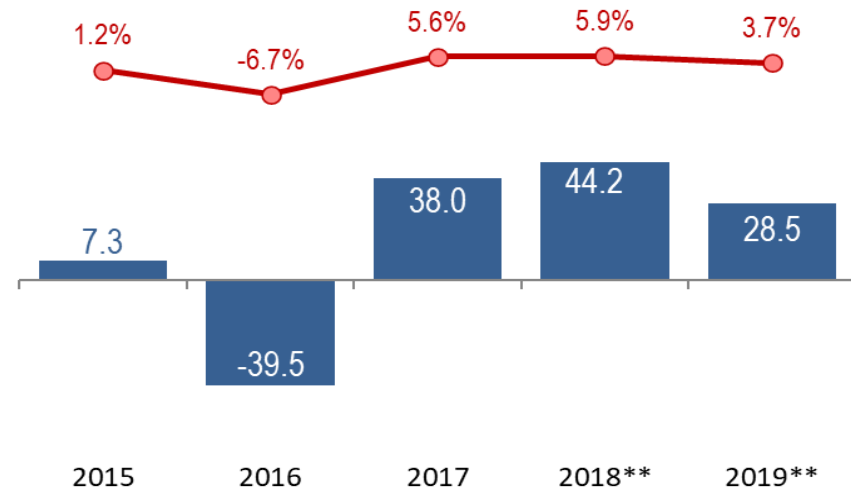
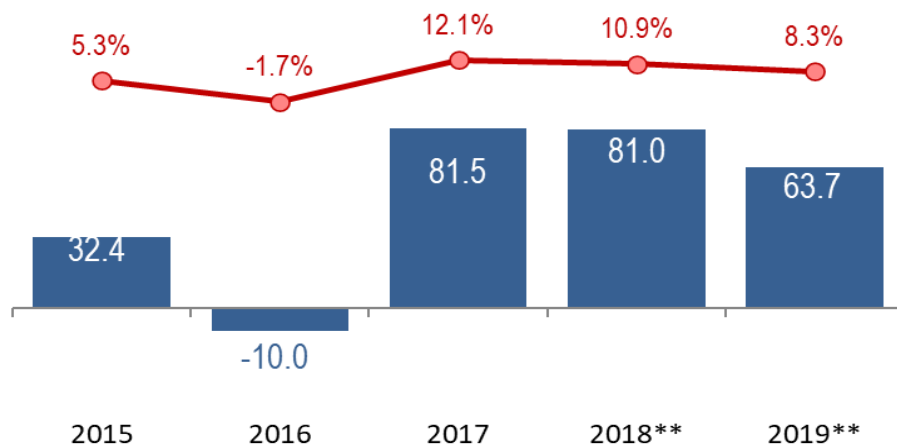
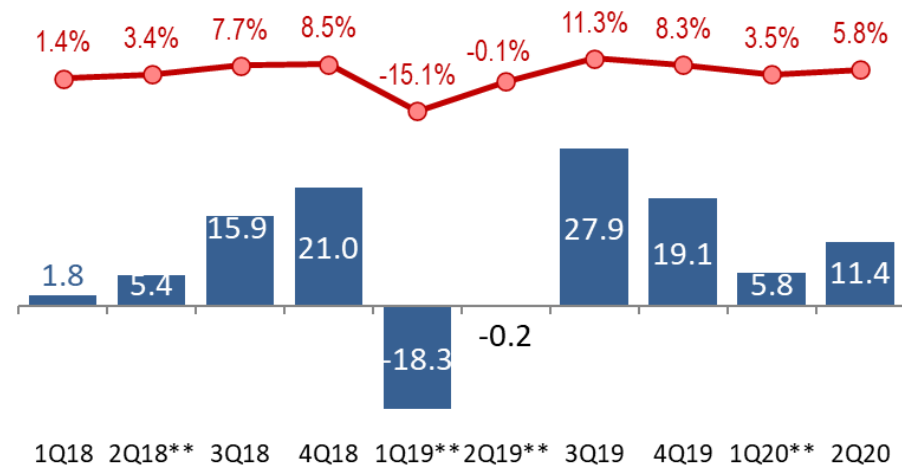
Profitability



EBITDA (R\$ million) and EBTIDA Margin



Net income (loss) (R\$ million) and Net Margin



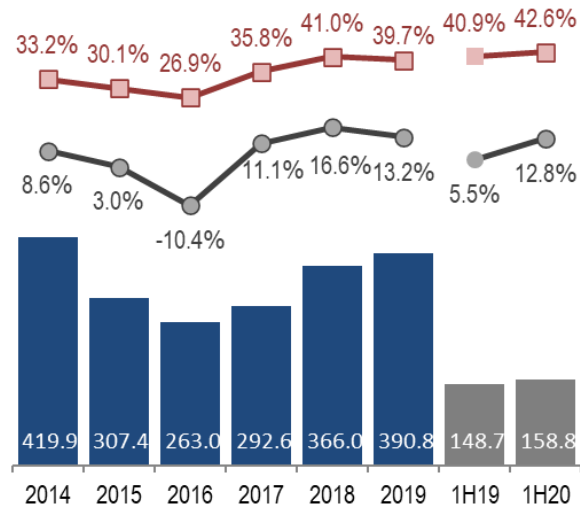
(*) According to the information in the 1Q20 Earnings Release, EBITDA is adjusted by the following aspects: (i) 2Q18/2018: increased by R\$1.6 million; (ii) 1Q19/2019: reduced by R\$74.3 million; and (iii) 1Q20: reduced by R\$1.0 million. (**) According to the information in the 1Q20 Earnings Release, net income is adjusted by the following aspects: (i) 2Q18/2018: reduced by R\$40.1 million; (ii) 1Q19: reduced by R\$105.6 million; and (iii) 2Q19: increased by R\$4.2 million; (iv) 2019: reduced by R\$101.4; and (v) 1Q20: reduced by R\$35.0 million.

Business Units' Results

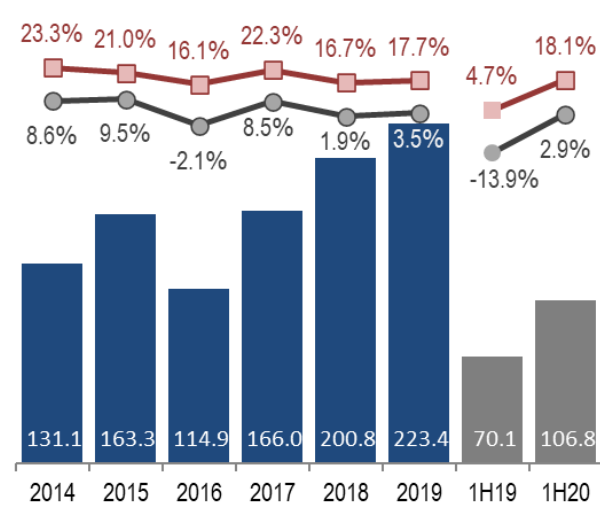


Sales	Quarter										Accumulated	
	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	1H19	1H20
Romi Machines (qty)	144	183	227	270	137	172	242	248	164	137	309	301
Burkhardt+Weber (qty)	3	4	9	13	2	8	12	7	3	5	10	8
Rough and Machined Cast Iron Parts (ton)	4,592	5,453	5,520	3,469	3,567	3,836	4,286	3,605	4,095	4,263	7,403	8,359

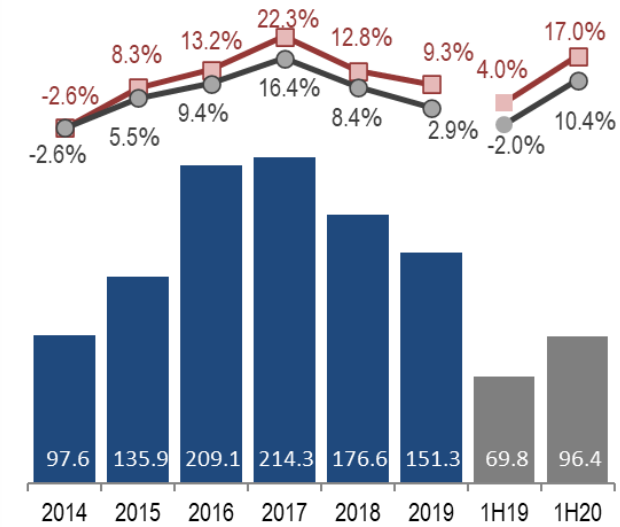
Romi Machines



B+W Machines



Rough and Machined Cast Iron Parts



■ Revenue ■ Gross Margin ● EBTIDA Adjusted

(*) EBTIDA margin is adjusted according to previous slides.

Cash Position



Cash and Cash Equivalent (R\$ MM) - 06/30/2020

	Amount
Bank Deposit Certificate (CDB)	112.7
Banks	25.5
Total	138.2

Net Cash=	(28.5)
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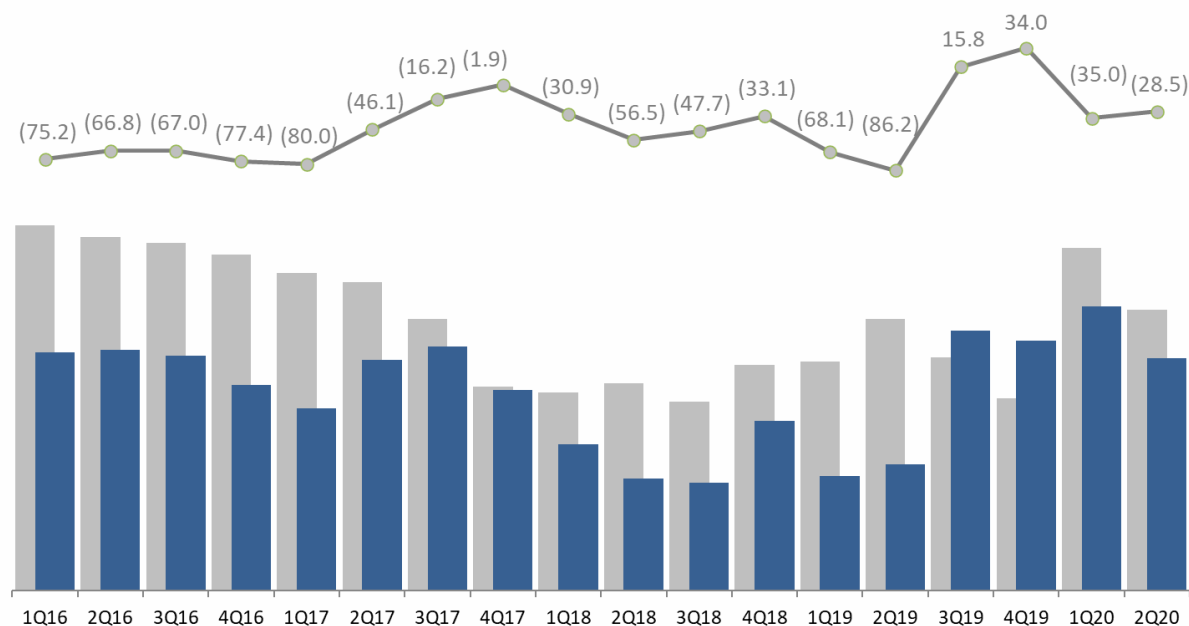
Loans* (R\$ MM) - 06/30/2020

	Amount
2020	51.2
2021	97.4
2022	7.8
2023	2.6
2024	1.7
2025 and after	6.0
Total	166.7

(*) Without Finame Manufacturer

Net Cash (Debt) Position

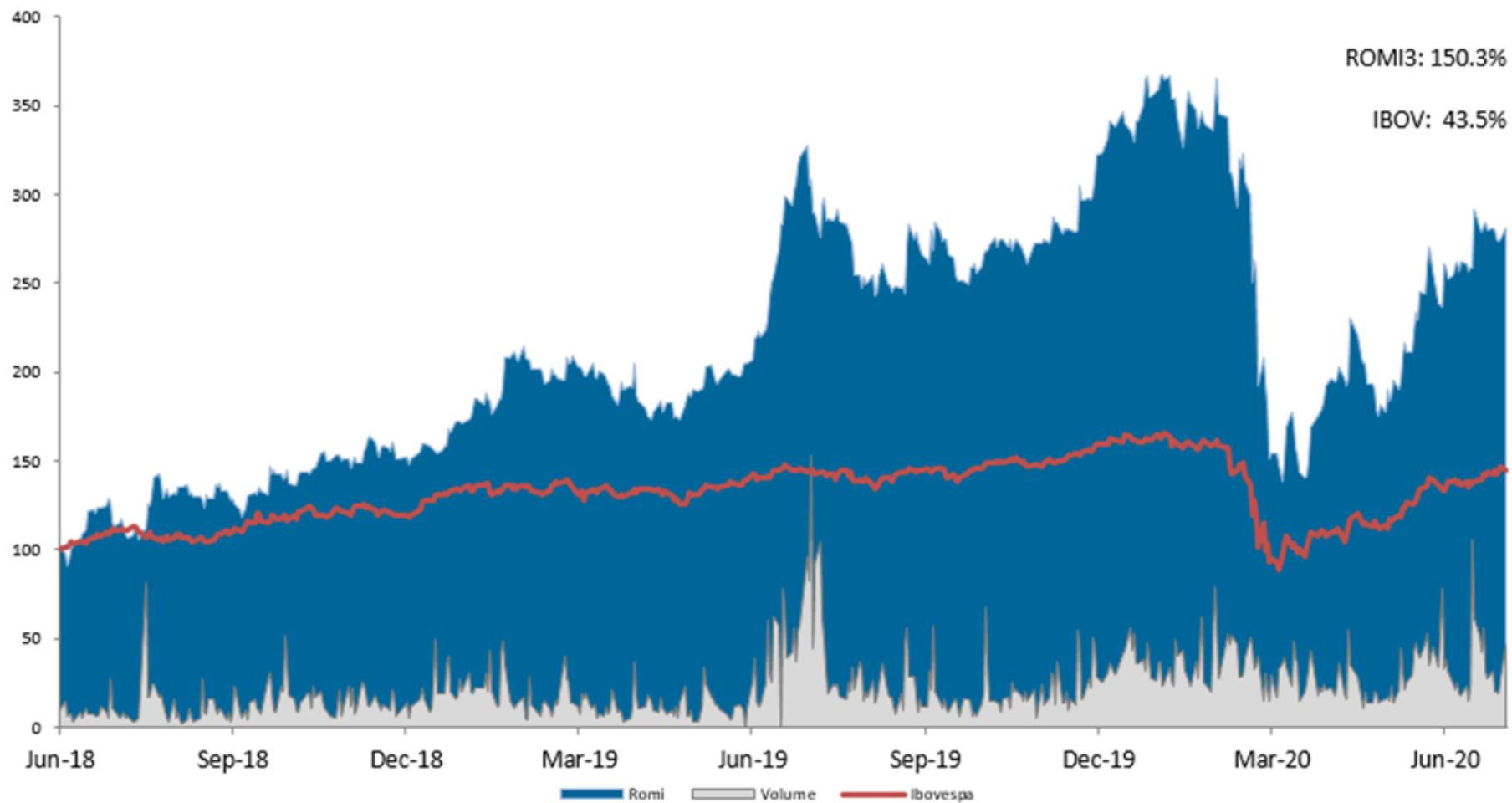
R\$ million





Share Performance ROMI3 vs. Ibovespa

From 06/29/2018 to 07/20/2020





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